

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 7 — 0 5

2. STATE:

Kansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)
Medicaid

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 01, 1997

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 97 \$ 0
b. FFY 98 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

See Attached

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

See Attached

10. SUBJECT OF AMENDMENT:

Nursing Facility Methods & Standards for Establishing Payment Rates

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Janet Schalansky is the Governor's
designee.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Janet Schalansky

13. TYPED NAME:

Janet Schalansky

14. TITLE:

Deputy Secretary

15. DATE SUBMITTED:

16. RETURN TO:

Janet Schalansky, Deputy Secretary
KS Dept of Social & Rehabilitation Services
DSOB/915 Harrison, 6th Floor
Topeka, Kansas 66612

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

04/01/97

18. DATE APPROVED:

JUN 06 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

11/97

20. SIGNATURE OF REGIONAL OFFICIAL:

Thomas W. Lenz

21. TYPED NAME:

Thomas W. Lenz

22. TITLE:

ARA for Medicaid & State Operations

23. REMARKS:

Schalansky
Day
Haverkamp

SPA CONTROL

Date Submitted 04/01/97

Date Received 04/02/97

Substitute per letter dated APR 21 1997 w

KANSAS MEDICAID STATE PLAN

Form HCFA-179
State Plan MS-97-05
Attachment 4.19D, Part I
Nursing Facility

Number of Plan Section:

Number of Superseded Plan Section:

Assurance Letter Dated:
February 18, 1997

Assurance Letter Date:
November 4, 1996 - TN-MS-96-11

Subpart A:

Subpart A:

Exhibit A-1, Pages 1-11

Exhibit A-1, Pages 1-11, TN-MS 95-19

Exhibit A-3, Pages 1-7

Exhibit A-3, Pages 1-7, TN-MS 95-19

Exhibit A-5, Pages 1-39

Exhibit A-5, Pages 1-38, TN-MS 95-19

Exhibit A-7, Pages 1-2

Exhibit A-7, Pages 1-2, TN-MS 95-19

Exhibit A-14, Pages 1-5

Exhibit A-14, Pages 1-5, TN-MS 95-19

Substitute per letter dated APR 21 1997

INSTITUTIONAL STATE PLAN AMENDMENT
ASSURANCE AND FINDING CERTIFICATION STATEMENT

STATE: Kansas

TN # - MS-97-05

REIMBURSEMENT TYPE: Inpatient Hospital
 Nursing Facility X
 ICF/MR

PROPOSED EFFECTIVE DATE: January 01, 1997

A. State Assurances and Findings. The State assures that it has made the following findings:

1. 447.253 (b) (1) (I) - The State pays for inpatient hospital services and long term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. Yes
2. With respect to inpatient hospital services –
 - a. 447.253 (b) (1) (ii) (A) - The methods and standards used to determine payment rates take into account the situation of hospitals which serve a disproportionate number of low income patients with special needs. N/A
 - b. 447.253 (b) (1) (ii) (B) - If a State elects in its State plan to cover inappropriate level of care services (that is, services furnished to hospital inpatients who require a lower covered level of care such as skilled nursing services or intermediate care services) under conditions similar to those described in section 1861 (v) (1) (G) of the Act, the methods and standards used to determine payment rates must specify that the payments for this type of care must be made at rates lower than those for inpatient hospital level of care services, reflecting the level of care actually received, in a manner consistent with section 1861 (v) (G) of the Act. N/A

If the answer is "not applicable," please indicate:

Nursing Facility Amendment

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- c. 447.253 (b) (1) (ii) (C) - The payment rates are adequate to assure that recipients have reasonable access, taking into account geographic location and reasonable travel time, to inpatient hospital services of adequate quality. N/A
3. With respect to nursing facility services --
- a. 447.253 (b) (1) (iii) (A) - Except for preadmission screening for individuals with mental illness and mental retardation under 42 CFR 483.20(f), the methods and standards used to determine payment rates takes into account the costs of complying with the requirements of 42 CFR 483 subpart B. Yes
- b. 447.253 (b) (1) (iii) (B) - The methods and standards used to determine payment rates provide for an appropriate reduction to take into account the lower costs (if any) of the facility for nursing care under a waiver of the requirement in 42 CFR 483.30 (c) to provide licensed nurses on a 24-hour basis. Yes
- c. 447.253 (b) (1) (iii) (C) - The State has established procedures under which the data and methodology used to establish payment rates are made available to the public. Yes
4. 447.253 (b) (2) - The proposed payment rate will not exceed the upper payment limits as specified in 42 CFR 447.272:
- a. 447.272 (a) - Aggregate payments made to each group of health care facilities (hospitals, nursing facilities and ICFs/MR) will not exceed the amount that can reasonably be estimated would have been paid for those services under Medicare payment principles. Yes
- b. 447.272 (b) - Aggregate payments to each group of State-operated facilities (that is, hospitals, nursing facilities and ICFs/MR) -- when considered separately -- will not exceed the amount that can reasonably be estimated would have been paid for under Medicare payment principles. Yes
- If there are no State-operated facilities, please indicate "not applicable:" N/A
- c. 447.272 (c) - Aggregate disproportionate share hospital (DSH) payments do not exceed the DSH payment limits at 42 CFR 447.296 through 447.299. N/A

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- d. Section 1923 (g) - DSH payments to individual providers will not exceed the hospital-specific DSH limits in section 1923 (g) of the Act. N/A

B. State Assurances. The State makes the following additional assurances:

1. For hospitals –

- a. 447.253 (c) - In determining payment when there has been a sale or transfer of the assets of a hospital, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate solely as a result of changes of ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital indebtedness, return on equity (if applicable), acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation. N/A

2. For nursing facilities and ICFs/MR –

- a. 447.253 (d) (1) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after July 18, 1984 but before October 1, 1985, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate, solely as a result of a change of ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital indebtedness, return on equity (if applicable), acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation. Yes
- b. 447.253 (d) (2) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after October 1, 1985, the State's methods and standards provide that the valuation of capital assets for purposes of determining payment rates will not increase (as measured from the date of acquisition by the seller to the date of the change of ownership) solely as a result of a change of ownership, by more than the lesser of:

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- (i) ½ of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Dodge Construction index applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year; or
- (ii) ½ of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Consumer Price Index for All Urban Consumers (CPI-U) (United States city average) applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year. Yes
3. 447.253 (e) - The State provides for an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the State determines appropriate, of payment rates. Yes
4. 447.253 (f) - The State requires the filing of uniform cost reports by each participating provider. Yes
5. 447.253 (g) - The State provides for periodic audits of the financial and statistical records of participating providers. Yes
6. 447.253 (h) - The State has complied with the public notice requirements of 42 CFR 447.205. -
- Notice published on : 9/19/96 and 12/12/96
- If no date is shown, please explain:
- _____
- _____
- _____
7. 447.253 (i) - The State pays for inpatient hospital and long-term care services using rates determined in accordance with the methods and standards specified in the approved State plan. Yes

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C. Related Information

1. 447.255 (a) - NOTE: If this plan amendment affects more than one type of provider (e.g., hospital, NF and ICF/MR; or DSH payments) provide the following rate information for each provider type, or the DSH payments. You may attach supplemental pages as necessary.

Provider Type: Nursing Facility

For hospitals: Include DSH payments in the estimated average rates. You may either combine hospital and DSH payments or show DSH separately. If including DSH payments in a combined rate, please initial that DSH payments are included. N/A

Estimated average proposed payment rate as a result of this amendment: 67.17

Average payment rate in effect for the immediately preceding rate period: 67.17

Amount of change: 0 Percent of change: 0

2. 447.255 (b) - Provide an estimate of the short-term and, to the extent feasible, long-term effect the change in the estimated average rate will have on:

- (a). The availability of services on a statewide and geographic area basis:

There are approximately 406 licensed Nfs or Nfs-MH in the State of Kansas with at least one in every county. Of these, 399 or 98% are certified to participate in the Medicaid Program. There are 15 licensed Nfs-MH in the State of Kansas; all of them participate in the Medicaid Program. Beds are available in every area of the State and close coordination with the local and area SRS offices allows the agency to keep close track of vacancies.

- (b). The type of care furnished:

Maintain the type of care furnished, and

- (C.) The extent of provider participation:

Maintain the extent of provider participation. The extent of

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provider participation should not be affected by this change.
Ninety-eight percent of the available providers are already
participating in this program.

- (d). For hospitals – the degree to which costs are covered in hospitals that serve a disproportionate number of low income patients with special needs:

Not Applicable

I HEREBY CERTIFY that to the best of my knowledge and belief, the information provided is true, correct, and a complete statement prepared in accordance with applicable instructions.

Completed by

Just Schuchly

Date

3-27-97

Title

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30-10-1a. Nursing facility program definitions. (a) The following words and terms, when used in this article, shall have the following meanings, unless the context clearly indicates otherwise.

(1) "Accrual basis of accounting" means that revenue of the provider is reported in the period when it is earned, regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

(2) "Active treatment for individuals with mental retardation or a related condition" means a continuous program for each client, which includes aggressive, consistent implementation of a program of specialized and generic training, treatment, health services, and related services that is directed toward:

(A) the acquisition of the behaviors necessary for the client to function with as much self-determination and independence as possible; and

(B) the prevention or deceleration of regression or loss of current optimal functional status.

(3) "Agency" means the department of social and rehabilitation services.

(4) "Ancillary services and other medically necessary services" means those special services or supplies, in addition to routine services, for which charges are made.

(5) "Case mix" means a measure of the intensity of care and services used by a group of residents in a facility.

(6) "Case mix index" means a numeric score with a specific

range that identifies the relative resources used by a particular group of residents and represents the average resource consumption across a population or sample.

(7) "Change of ownership" means a transfer of rights and interests in real and personal property used for nursing facility services through an arms-length transaction between unrelated persons or legal entities.

(8) "Change of provider" means a change of ownership or lessee specified in the provider agreement.

(9) "Common ownership" means that an entity holds a minimum of five percent ownership or equity in the provider facility and in the company engaged in business with the provider facility.

(10) "Control" means that an individual or organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or facility.

(11) "Cost and other accounting information" means adequate financial data about the nursing facility operation, including source documentation, that is accurate, current, and in sufficient detail to accomplish the purposes for which it is intended. Source documentation, including petty cash pay out memoranda and original invoices, shall be valid only if the documentation originated at the time and near the place of the transaction. In order to provide the required cost data, the provider shall maintain financial and statistical records in a manner that is consistent from one period to another. This requirement shall not preclude a beneficial change

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Attachment 4.19D

Part I

Exhibit A-1

Page 3

30-10-1a (3)

in accounting procedures when there is a compelling reason to effect a change of procedures.

(12) "Cost finding" means recasting the data derived from the accounts ordinarily kept by a provider to ascertain costs of the various types of services rendered.

(13) "Costs not related to resident care" means costs which are not appropriate, necessary, or proper in developing and maintaining the nursing facility operation and activities. These costs shall not be allowed in computing reimbursable costs.

(14) "Costs related to resident care" means all necessary and proper costs, arising from arms-length transactions in accordance with general accounting rules, which are appropriate and helpful in developing and maintaining the operation of resident care facilities and activities. Specific items of expense shall be limited pursuant to K.A.R. 30-10-23a, K.A.R. 30-10-23b, K.A.R. 30-10-23c, K.A.R. 30-10-24, K.A.R. 30-10-25, K.A.R. 30-10-26, K.A.R. 30-10-27, and K.A.R. 30-10-28.

(15) "Cost report" means the nursing-facility financial and statistical report.

(16) "Educational activities" means an approved, formally organized, or planned program of study usually engaged in by providers in order to enhance the quality of resident care in an institution. These activities shall be licensed when required by state law.

(17) "Educational activities--net cost" means the cost of

JUN 06 2001

TN#MS97-05 Approval Date: _____ Effective Date: 1/1/97 Supersedes TN#MS-95-19